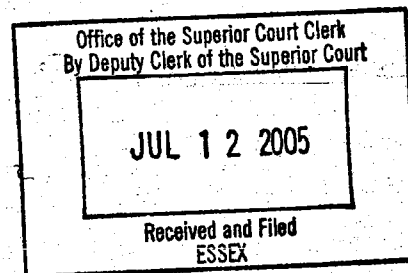


PETER C. HARVEY  
ATTORNEY GENERAL OF NEW JERSEY  
124 Halsey Street  
P.O. Box 45029  
Newark, NJ 07101  
Attorney for Plaintiffs

By: Megan J. Harris  
Deputy Attorney General  
(973) 648-4802



PETER C. HARVEY,  
Attorney General of New Jersey,  
and FRANKLIN L. WIDMANN,  
Chief of the New Jersey  
Bureau of Securities,

Plaintiffs,

v.

SPECIALIZED AUTOCORE SERVICES, INC.,  
a New Jersey Corporation,  
A. DEAN BRAZ, individually, and as  
an officer, shareholder and/or  
director of Specialized Autocore  
Services, Inc.

Defendants.

) SUPERIOR COURT OF NEW JERSEY  
) CHANCERY DIVISION: GENERAL  
) EQUITY  
) ESSEX COUNTY  
) DOCKET NO. \_\_\_\_\_

) Civil Action

COMPLAINT

Plaintiffs, Peter C. Harvey, Attorney General of New Jersey, having offices at 124 Halsey Street in the City of Newark, County of Essex, State of New Jersey, and Franklin L. Widmann, Chief of the New Jersey Bureau of Securities (the "Bureau"), having offices at 153 Halsey Street in the City of Newark, County of Essex, State of New Jersey (collectively "Plaintiffs"), through

their attorney, Peter C. Harvey, Attorney General of New Jersey, say:

**STATEMENT OF THE CASE**

1. Plaintiffs bring this civil action pursuant to New Jersey Uniform Securities Law (1997) (N.J.S.A. 49:3-47 to 76) (the "Securities Law"), for the following violations: (1) N.J.S.A. 49:3-60 (sale of unregistered securities); (2) N.J.S.A. 49:3-56(a) (acting as an unregistered broker-dealer, agent, or investment adviser); (3) N.J.S.A. 49:3-56(h) (employing unregistered agents in connection with the offer and sale of securities); (4) N.J.S.A. 49:3-52(b) (making materially false and misleading statements, and omitting facts necessary to make statements made not misleading in connection with the offer and sale, or purchase of securities); and (5) N.J.S.A. 49:3-52(c) (engaging in an act, practice, or course of business which operates as a fraud or deceit upon any person in connection with the offer, sale or purchase of securities).

2. On or about November 12, 2002, the Bureau received a complaint regarding Specialized Autocore Services, Inc. ("SAS") from John Fox ("Fox"). Fox claimed that he and other investors had been defrauded of a collective \$405,600 they gave to SAS for the purchase of SAS stock in 1999.

3. The Bureau's investigation of Fox's complaint revealed the following: (1) defendants SAS and A. Dean Braz ("Braz") sold unregistered securities; (2) defendant Braz acted as an

unregistered agent for the offer and sale of SAS stock; (3) defendant SAS employed unregistered agents to offer and sell SAS stock; (4) defendants SAS and Braz made false and misleading statements, and omitted facts necessary to make statements not misleading in connection with the offer and sale of securities; and (5) defendants SAS and Braz engaged in acts which operated as a fraud upon SAS investors.

4. The Bureau's investigation also revealed that defendants SAS and Braz raised approximately \$600,000 total from investors, all of which was depleted by the end of 2000. Braz claimed to use the money for SAS expenditures and SAS-related compensation for himself and Edward Budnick ("Budnick"), who was a co-founder of SAS.

#### PARTIES

5. Plaintiffs bring this action to enforce the provisions of the Securities Law.

6. SAS was incorporated by Braz and Budnick in New Jersey in 1997. At various times relevant to this Complaint, SAS had its principal place of business at 113 Vorhees Road, Lebanon Township, New Jersey.

7. At all relevant times, defendant Braz was a New Jersey resident, residing at 113 Vorhees Road, Lebanon Township, New Jersey.

8. At all relevant times, defendant Braz was an officer, shareholder and/or director of SAS.

#### BACKGROUND FACTS

9. In the mid to late 1990s, prior to its incorporation in 1997, Braz and co-founder Budnick created SAS as a means to sell precious metals extracted from catalytic converters through a patented process.

10. Budnick had a background in chemistry and was a principal of Plains Chemical Development ("Plains Chemical") in Flemington, New Jersey. He was named as a director of SAS on the Certificate of Incorporation, but soon after withdrew from the position, leaving Braz as the sole director of SAS.

11. SAS did not begin operating during the relevant period and upon information and belief, SAS has yet to begin operations.

12. On or about March 20, 1998, SAS filed a securities registration application with the Bureau for the sale of SAS stock.

13. While the application was pending due to lingering deficiencies, Braz and SAS published an offering circular (the "OC") dated November 27, 1998 for investors in SAS stock.

14. The OC attempted to solicit investments for the cost of research, materials, and working capital for SAS.

15. In the OC, Braz and SAS made several false or misleading statements, and omitted certain material facts related to the expenditures and operation of SAS.

16. Prior to publication of the OC, SAS entered into more than one agreement with Plains Chemical. Those agreements obligated SAS to pay substantial fees to Plains Chemical for the development and licensing of the metal extraction process.

17. SAS and Braz failed to disclose the agreements described in Paragraph 18 of this Complaint in the OC.

18. SAS and Braz failed to disclose other known debts of SAS in the OC, including: (a) \$27,500 due to Braz on a promissory note; (b) \$25,000 due to Budnick's entity, Plains Chemical, for licensing of the metal extraction process; (c) \$22,500 due to an internet service employed by SAS to sell its stock, and (d) \$22,500 due on "various other accounts."

19. The aforementioned debts were listed in a proposed allocation of funds dated November 20, 1998, yet they were omitted from the OC, which is dated one week later.

20. The OC falsely stated that Braz and the other members of SAS' Board of Directors would forego compensation until the public offering was complete.

21. The OC failed to disclose that Braz and Budnick, who was initially named as a director on the Certificate of Incorporation, and as a principal of SAS in the OC, would receive compensation from investor funds.

22. Contrary to the representation made in the OC, Braz received \$21,000 in compensation from investor funds before the

offering was complete, and before SAS had begun to operate in any manner consistent with its stated purpose.

23. Braz also received approximately \$67,000 in checks made payable to him from SAS' business checking account.

24. Budnick received at least \$50,000 in compensation from investor funds before the public offering was complete.

25. The OC falsely represented that Braz intended to work full-time for SAS. Braz actually devoted a substantial portion (if not the majority) of his time during the relevant period to the business of Braz Management, Inc., which was a company responsible for the management of two residential buildings/complexes in New Jersey and Pennsylvania.

26. The OC falsely represented SAS' location as 222 Purchase Street, Rye, New York 10580, which is a "Mailboxes, Etc." store where SAS paid a fee to receive mail.

27. The OC failed to disclose to investors that SAS' business was actually conducted from Braz' home in Lebanon Township, New Jersey.

28. The OC falsely stated that the shares in SAS being sold were freely transferable without restrictions. When the investors received their ownership certificates in 2000, however, the certificates were for restricted shares.

29. Braz falsely represented to at least nine investors that their requests for refunds on the basis of transferability would be honored.

30. Braz ultimately returned the money of only one investor, in the amount of \$22,000.

31. On or about December 1, 1998, while actively soliciting investors, SAS issued a press release announcing an exclusive agreement with Jersey Analytical Laboratories in Andover, New Jersey. The press release falsely described the facility as "state-of-the-art." The referenced facility was actually a small, one-story building, which was approximately 50 years old.

32. During the period while the application was pending, SAS was also actively offering stock through at least two internet web sites. The internet advertisements stated that the securities were approved for sale in certain states, including New Jersey, which was false.

33. On May 23, 1999, Braz caused an advertisement for SAS to be printed in the New York Times, which stated that SAS was seeking broker-dealers and investors for its initial public offering.

34. In addition to publication of the OC, internet marketing, and causing the New York Times advertisement to be printed, SAS employed at least two agents to solicit investors for the sale of SAS stock during 1998 and 1999, John Fox and Eric Reiner.

35. Reiner and Fox received commission in the form of cash and/or stock for soliciting purchases of SAS stock.

36. The SAS stock being sold was not registered with the Bureau in any capacity.

37. Neither Braz, Reiner, or Fox were registered with the Bureau in any capacity.

38. On September 28, 1999, SAS' attorney sent a letter to the Bureau informing that his client would no longer pursue registration.

39. On October 5, 1999, the Bureau sent a letter to SAS informing that the registration application was deemed abandoned due to SAS' failure to respond to the Bureau's request for more information.

**FIRST COUNT**

**Defendants Offered and Sold Unregistered Securities  
in Violation of N.J.S.A. 49-3:60  
(Against Defendants SAS and Braz)**

40. Plaintiffs repeat the allegations set forth in Paragraphs 1 through 39 of this Complaint as though set forth fully herein.

41. The SAS stock was a "security" as defined in N.J.S.A. 49:3-49(m).

42. SAS failed to register the SAS stock with the Bureau as required by N.J.S.A. 49:3-60.

43. Defendants offered and sold the SAS stock, which were unregistered securities, to, from, and within this State.



44. Each offer and/or sale of an unregistered security constitutes a separate violation of N.J.S.A. 49:3-60 and is cause for the imposition of a civil monetary penalty pursuant to N.J.S.A. 49:3-70.1.

**SECOND COUNT**

**Defendant Braz Acted as an Unregistered Agent  
in Violation of N.J.S.A. 49:3-56(a)  
(Against Defendant Braz)**

45. Plaintiffs repeat the allegations set forth in Paragraphs 1 through 44 of this Complaint as though set forth fully herein.

46. At all relevant times, Braz was not registered with the Bureau in any capacity.

47. Defendant Braz represented SAS in effecting or attempting to effect sales of securities to, from, or within this State in violation of N.J.S.A. 49:3-56(a).

48. Each offer and/or sale constitutes a separate violation of N.J.S.A. 49:3-56(a) and is cause for the imposition of a civil monetary penalty pursuant to N.J.S.A. 49:3-70.1.

**THIRD COUNT**

**Defendant SAS Employed Unregistered Agents  
in Violation of N.J.S.A. 49:3-56(h)  
(Against Defendant SAS)**

49. Plaintiffs repeat the allegations set forth in paragraphs 1 through 48 of this Complaint as though set forth fully herein.

50. Defendant SAS employed unregistered agents or representatives in effecting or attempting to effect securities transactions to, from, or within New Jersey in violation of N.J.S.A. 49:3-56(h).

51. Each instance of employing an unregistered agent constitutes a separate violation of N.J.S.A. 49:3-56(h), and is cause for the imposition of a civil monetary penalty pursuant to N.J.S.A. 49:3-70.1.

**FOURTH COUNT**

**Defendants Made Materially False and Misleading Statements and Omitted Facts Necessary to Make Statements not Misleading in Connection with the Offer, Sale or Purchase of Securities in Violation of N.J.S.A. 49:3-52(b)  
(Against Defendants SAS and Braz)**

52. Plaintiffs repeat the allegations set forth in Paragraphs 1 through 51 of this Complaint as though set forth fully herein.

53. By engaging in the conduct described in this Complaint, Defendants Braz and SAS made materially false and misleading statements, and omitted facts necessary to make statements not misleading in connection with the offer, sale or purchase of securities in violation of N.J.S.A. 49:3-52. Such conduct includes:

- (i) failing to disclose in the OC certain debts and payment obligations of SAS;

- (ii) falsely stating in the OC that the executive officers of SAS would not receive compensation until the public offering was complete;
- (iii) falsely representing in the OC that Braz would work full-time for SAS;
- (iv) falsely representing in the OC that a Rye, New York address was SAS' business location;
- (v) falsely representing in the OC that the shares being offered were freely transferable;
- (vi) misleading investors as to the nature of the facility to be used in SAS' operations;
- (vii) failing to disclose that the SAS stock being sold was unregistered; and
- (viii) failing to disclose that the agents being employed to sell SAS stock were unregistered.

54. Each materially false or misleading statement made is a violation of N.J.S.A. 49:3-52 and is cause for the imposition of a civil monetary penalty pursuant to N.J.S.A. 49:3-70.1.

55. Each omission necessary to make a material statement not misleading is a violation of N.J.S.A. 49:3-52 and is cause for the imposition of a civil monetary penalty pursuant to N.J.S.A. 49:3-70.1.

**FIFTH COUNT**

**Defendants Engaged in Acts, Practices, and a Course of Business  
which Operated as a Fraud in Connection with the Offer and Sale  
of Securities in Violation of N.J.S.A. 49:3-52(c) .  
(Against Defendants SAS and Braz)**

56. Plaintiffs repeat the allegations set forth in Paragraphs 1 through 58 of this Complaint as though set forth fully herein.

57. Defendants SAS and Braz, by engaging in the conduct described in this Complaint, engaged in acts, practices, and a course of business which operated as a fraud upon the investors in violation of N.J.S.A. 49:3-52(c). Such conduct includes:

- (i) failing to disclose that the SAS stock being sold was unregistered;
- (ii) failing to disclose that the agents being employed to sell SAS stock were unregistered;
- (iii) making false and misleading statements to investors and potential investors; and
- (iv) omitting facts necessary to make statements not misleading in connection with the offer and sale of securities.

58. Each act, practice, or course of business which operated or would operate as a fraud upon any person is a separate violation of N.J.S.A. 49:3-52(c) and is cause for the imposition of a civil monetary penalty pursuant to N.J.S.A. 49:3-70.1.

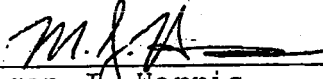
**DEMAND FOR RELIEF**

**WHEREFORE**, Plaintiffs petition this Court for an order:

- (a) Finding that defendants SAS and Braz engaged in the acts and practices alleged above;
- (b) Finding that such acts and practices constituted violations of the Securities Law;
- (c) Affording each purchaser of securities the option of receiving restitution of losses incurred on disposition of the securities, plus interest and expenses incident to effecting the purchase and restitution;
- (d) Assessing defendants civil monetary penalties for each violation of the Securities Law in accordance with N.J.S.A. 49:3-70.1;
- (e) Requiring defendants to pay restitution and disgorge all profits and/or funds gained through violations of the Securities Law;
- (f) Permanently enjoining the defendants from further violating the Securities Law; and
- (g) Affording Plaintiffs and affected third parties any additional relief the Court may deem just and equitable.

PETER C. HARVEY  
ATTORNEY GENERAL OF NEW JERSEY  
On behalf of Franklin L. Widmann  
Chief of the New Jersey Bureau  
of Securities

By:

  
Megan J. Harris  
Deputy Attorney General

Dated: July 12, 2005

**RULE 4:5-1(b) (2) CERTIFICATION**

I certify that Plaintiffs in this matter have not initiated any other civil action in any court of this State against defendants and are not now engaged in any arbitration proceeding against defendants, nor is any other civil action or arbitration proceeding contemplated. I certify that there is no other party who should be joined in this action.

PETER C. HARVEY  
ATTORNEY GENERAL OF NEW JERSEY

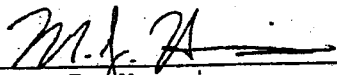
By: M. J. Harris  
Megan J. Harris  
Deputy Attorney General

Dated: July 12, 2005

DESIGNATION OF TRIAL COUNSEL  
PURSUANT TO R. 4:5-1(c)

Deputy Attorney General Megan J. Harris is hereby  
designated as trial counsel for this matter.

PETER C. HARVEY  
ATTORNEY GENERAL OF NEW JERSEY

  
\_\_\_\_\_  
Megan J. Harris  
Deputy Attorney General

Dated: July 12, 2005